

SENATE BILL NO. 439

INTRODUCED BY GEBHARDT

A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING CERTAIN RURAL FIRE DISTRICTS TO PARTICIPATE IN THE FIREFIGHTERS' UNIFIED RETIREMENT SYSTEM; SPECIFYING TERMS AND CONDITIONS RELATED TO EMPLOYER AND FIREFIGHTER ELECTIONS TO PARTICIPATE; PROVIDING THAT STATE CONTRIBUTIONS TO THE RETIREMENT SYSTEM BE MADE DIRECTLY FROM CERTAIN INSURANCE PREMIUM TAX REVENUE STATUTORILY APPROPRIATED FROM A SPECIAL REVENUE ACCOUNT INSTEAD OF FROM THE GENERAL FUND; AMENDING SECTIONS 19-13-104, 19-13-210, 19-13-604, 33-2-708, AND 50-3-109, MCA; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 19-13-104, MCA, is amended to read:

"19-13-104. Definitions. Unless the context requires otherwise, the following definitions apply in this chapter:

(1) Any reference to "city" or "town" includes those jurisdictions that, before the effective date of a county-municipal consolidation, were incorporated municipalities, subsequent districts created for urban firefighting services, or the entire county included in the county-municipal consolidation.

(2) "Compensation" means:

(a) for a full-paid firefighter, the remuneration paid from funds controlled by an employer in payment for the member's services before any pretax deductions allowed by state and federal law are made;

(b) for a part-paid firefighter employed by a city of the second class:

(i) 15% of the regular remuneration, excluding overtime, holiday payments, shift differential payments, compensatory time payments, and payments in lieu of sick leave, paid on July 1 of each year to a newly confirmed, full-paid firefighter of the city that employs the part-paid firefighter; or

(ii) if that city does not employ a full-paid firefighter, 15% of the average regular remuneration, excluding overtime, holiday payments, shift differential payments, compensatory time payments, and payments in lieu of sick leave, paid on July 1 of each year to all newly confirmed, full-paid firefighters employed by cities of the second class.

1 (c) Compensation for full-paid and part-paid firefighters does not include:

2 (i) overtime, holiday payments, shift differential payments, compensatory time payments, and payments
3 in lieu of sick leave; and

4 (ii) maintenance, allowances, and expenses.

5 (3) "Dependent child" means a child of a deceased member who is:

6 (a) unmarried and under 18 years of age; or

7 (b) unmarried, under 24 years of age, and attending an accredited postsecondary educational institution
8 as a full-time student in anticipation of receiving a certificate or degree.

9 (4) "Employer" means any city that is of the first or second class or that elects to join this retirement
10 system under 19-13-211, the employing GOVERNMENTAL entity of firefighters in unincorporated areas that elects
11 to join the retirement system pursuant to 19-13-210(3), or, with respect to firefighters covered in the retirement
12 system pursuant to 19-13-210(2), the department of military affairs established in 2-15-1201.

13 (5) "Final average compensation" means the monthly compensation of a member averaged over the
14 last 36 months of the member's active service or, in the event a member has not served at least 36 months, the
15 total compensation earned divided by the number of months of service. Lump-sum payments for annual leave
16 paid to the member upon termination of employment may be used to replace, on a month-for-month basis, the
17 regular compensation for a month or months included in the calculation of final average compensation.

18 (6) "Firefighter" means a person employed as a full-paid or part-paid firefighter by an employer.

19 (7) "Full-paid firefighter" means a person appointed by an employer as a firefighter under the standards
20 provided in 7-33-4106.

21 (8) "Minimum retirement date" means the first day of the month coinciding with or immediately following,
22 if none coincides, the date on which a member becomes both age 50 or older and completes 5 or more years
23 of membership service.

24 (9) "Part-paid firefighter" means a person employed under 7-33-4109 who receives compensation in
25 excess of \$300 a year for service as a firefighter.

26 (10) "Prior plan" means the fire department relief association plan of a city that elects to join the
27 retirement system under 19-13-211 or the fire department relief association plan of a city of the first or second
28 class.

29 (11) "Retirement date" means the date on which the first payment of benefits is payable.

30 (12) "Retirement system" means the firefighters' unified retirement system provided for in this chapter.

(13) "Surviving spouse" means the spouse married to a member at the time of the member's death."

Section 2. Section 19-13-210, MCA, is amended to read:

"19-13-210. Participation in retirement system -- CONTRACT TERMS -- ELECTION. (1) Cities of the first and second class that employ full-paid firefighters shall participate in the retirement system. If a city of the first or second class is reduced to a city of the third class or a town under 7-1-4118, it shall continue to participate in the retirement system as long as it has retired firefighters or survivors eligible to receive retirement benefits.

(2) Firefighters hired by the Montana air national guard on or after October 1, 2001, or on or after the date of the execution of an agreement between the department of military affairs and the board, whichever is later, shall participate in the retirement system.

~~(3) (a) An A GOVERNMENTAL employer of firefighters in an unincorporated area may elect to participate in the retirement system by adopting a resolution or making a declaration CONTRACT FOR COVERAGE stating that the employer agrees to be bound by the provisions of the retirement system. The resolution or declaration must specify the effective date of the election. The provisions of the retirement system become applicable on the effective date specified. A certified copy of the resolution must be provided to the board. THE PROVISIONS OF THE RETIREMENT SYSTEM BECOME APPLICABLE ON THE EFFECTIVE DATE SPECIFIED IN THE CONTRACT OR ON APPROVAL OF THE BOARD, WHICHEVER IS LATER. THE CONTRACT MUST BE APPROVED BY THE BOARD. HOWEVER, THE BOARD MAY DISAPPROVE A CONTRACT IF, IN THE BOARD'S SOLE DISCRETION, THE CONTRACT ADVERSELY AFFECTS THE INTERESTS OF THE RETIREMENT SYSTEM. THE CONTRACT MUST STATE THAT AMENDMENTS TO STATUTES AFFECTING THE RETIREMENT SYSTEM IMMEDIATELY APPLY TO AND BECOME A PART OF THE CONTRACT. THE CONTRACT MAY NOT BE TERMINATED WITHOUT AN ACTUARIAL VALUATION OF ANY LIABILITY THAT THE TERMINATING EMPLOYER HAS TO THE RETIREMENT SYSTEM. THE BOARD MAY WITHHOLD APPROVAL OF THE TERMINATION OF A CONTRACT UNTIL SATISFACTORY ARRANGEMENTS ARE COMPLETED TO PROVIDE FUNDING FOR ANY EXCESS ACCRUED LIABILITIES NOT PREVIOUSLY FUNDED BY THE TERMINATING EMPLOYER.~~

~~(b)(4)~~ (4) A firefighter hired by the employer on or after the effective date of the employer's election to join the retirement system shall participate in the retirement system.

~~(c)(5)~~ (A) A firefighter who is a member of the public employees' retirement system on the effective date of the employer's election to join the retirement system may remain a member of the public employees' retirement system or may elect to become a member of the retirement system by filing a one-time irrevocable election with the board no later than 30 days after the date of the employer's election. A firefighter who elects

1 to become a member of the retirement system may purchase service credit pursuant to 19-2-715 for all or a
2 portion of the firefighter's previous service.

3 (B) AN ACTIVE FIREFIGHTER WHO MAKES THE ONE-TIME IRREVOCABLE ELECTION, AS PROVIDED IN SUBSECTION
4 (5)(A), MAY REQUEST AT THE TIME OF THE IRREVOCABLE ELECTION TO PURCHASE THE SERVICE CREDIT OVER ANY PERIOD
5 PRIOR TO RETIREMENT."

7 **Section 3.** Section 19-13-604, MCA, is amended to read:

8 **"19-13-604. State contribution -- special revenue account -- statutory appropriation.** (1) The state
9 shall make its contributions ~~from the general fund~~ from certain insurance premium taxes deposited to a special
10 revenue account pursuant to subsection (2). The ~~general fund~~ contributions must be made annually after the
11 end of each fiscal year but no later than November 1. The board shall notify the state auditor by September 1
12 of each fiscal year of the annual compensation, excluding overtime, holiday payments, shift differential
13 payments, compensatory time payments, and payments in lieu of sick leave, paid to all active members during
14 the preceding fiscal year. The state's contribution is 32.61% of this total compensation.

15 (2) There is an account in the state special revenue fund to the credit of the state auditor. Of the
16 insurance premium taxes collected under 33-2-705(2) from insurers authorized to effect insurance against the
17 risks enumerated in 50-3-109(2), an amount equal to the state contributions required in subsection (1) must be
18 deposited in the account. Money in the account may be used only to make the state contributions required in
19 subsection (1).

20 (3) The contributions provided for in this section are statutorily appropriated, as provided in 17-7-502."

22 **Section 4.** Section 33-2-708, MCA, is amended to read:

23 **"33-2-708. Fees and licenses.** (1) (a) Except as provided in 33-17-212(2), the commissioner shall
24 collect a fee of \$1,900 from each insurer applying for or annually renewing a certificate of authority to conduct
25 the business of insurance in Montana.

26 (b) The commissioner shall collect certain additional fees as follows:

27 (i) nonresident insurance producer's license:

28 (A) application for original license, including issuance of license, if issued, \$100;

29 (B) biennial renewal of license, \$50;

30 (C) lapsed license reinstatement fee, \$100;

1 (ii) resident insurance producer's license lapsed license reinstatement fee, \$100;

2 (iii) surplus lines insurance producer's license:

3 (A) application for original license and for issuance of license, if issued, \$50;

4 (B) biennial renewal of license, \$100;

5 (C) lapsed license reinstatement fee, \$200;

6 (iv) insurance adjuster's license:

7 (A) application for original license, including issuance of license, if issued, \$50;

8 (B) biennial renewal of license, \$100;

9 (C) lapsed license reinstatement fee, \$200;

10 (v) insurance consultant's license:

11 (A) application for original license, including issuance of license, if issued, \$50;

12 (B) biennial renewal of license, \$100;

13 (C) lapsed license reinstatement fee, \$200;

14 (vi) resident and nonresident rental car entity producer's license:

15 (A) application for original license, including issuance of license, if issued, \$100;

16 (B) quarterly filing fee, \$25;

17 (vii) 50 cents for each page for copies of documents on file in the commissioner's office.

18 (c) The commissioner may adopt rules to determine the date by which a nonresident insurance
19 producer, a surplus lines insurance producer, an insurance adjuster, or an insurance consultant is required to
20 pay the fee for the biennial renewal of a license.

21 (2) (a) The commissioner shall charge a fee of \$75 for each course or program submitted for review
22 as required by 33-17-1204 and 33-17-1205, but may not charge more than \$1,500 to a sponsoring organization
23 submitting courses or programs for review in any biennium.

24 (b) Insurers and associations composed of members of the insurance industry are exempt from the
25 charge in subsection (2)(a).

26 (3) ~~The~~ Except as provided in 19-13-604, the commissioner shall promptly deposit with the state
27 treasurer to the credit of the general fund all fines and penalties and those amounts received pursuant to
28 33-2-311, 33-2-705, 33-28-201, and 50-3-109. All other fees collected by the commissioner pursuant to Title 33
29 and the rules adopted under Title 33 must be deposited in the state special revenue fund to the credit of the state
30 auditor's office.

(4) All fees are considered fully earned when received. In the event of overpayment, only those amounts in excess of \$10 will be refunded."

Section 5. Section 50-3-109, MCA, is amended to read:

"50-3-109. Tax on fire insurance premiums. (1) Each insurer authorized to effect insurance on risks enumerated in subsection (2) that is doing business in this state shall pay to the state auditor during the month of February or March in each year, in addition to the taxes on premiums required by law to be paid by it, taxes on the fire portion of the direct premiums on the enumerated risks received during the previous calendar year after deducting cancellations and return premiums. A tax of 2 1/2% must be deposited in the general fund as provided in 33-2-708.

(2) The risks referred to in subsection (1) are:

(a) insurance of houses, buildings, and all other kinds of property against loss or damage by fire or other casualty;

(b) all kinds of insurance on goods, merchandise, or other property in the course of transportation, whether by land, water, or air;

(c) insurance against loss or damage to motor vehicles resulting from accident, collision, or marine and inland navigation and transportation perils;

(d) insurance of growing crops against loss or damage resulting from hail or the elements;

(e) insurance against loss or damage by water to any goods or premises arising from the breakage or leakage of sprinklers, pumps, or other apparatus;

(f) insurance against loss or legal liability for loss because of damage to property caused by the use of teams or vehicles, whether by accident or collision or by explosion of any engine, tank, boiler, pipe, or tire of any vehicle; and

(g) insurance against theft of the whole or any part of a vehicle."

NEW SECTION. Section 6. Effective date. [This act] is effective July 1, 2005.

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